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Summary record of the 46th meeting
Held at Headquarters, New York, on Tuesday, 19 June 2018, at 10 a.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 136: Programme budget for the biennium 2018–2019 (*continued*)

Global service delivery model for the United Nations Secretariat (A/72/7/Add.50, A/72/801 and A/72/801/Add.1/Rev.1)

Agenda item 142: Joint Inspection Unit (*continued*) (A/72/299 and A/72/299/Add.1)

1. **Mr. Saunders** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on the global service delivery model for the United Nations Secretariat (A/72/801 and A/72/801/Add.1/Rev.1), submitted pursuant to General Assembly resolution 71/272, said that, just as the Umoja enterprise resource planning system had standardized and automated business processes, the global service delivery model would lead to the consolidation within and across duty stations of fragmented administrative structures by integrating location-independent administrative functions into a small number of global shared service centres, with the goal of improving service delivery across the Secretariat. The model would enable consistent and scalable service provision, the achievement of economies of scale, and the reduction of the Organization's footprint in higher-cost and higher-risk duty stations. It would also facilitate the provision of nimble, effective and efficient Secretariat support for normative and operational activities.

2. By ensuring the delivery of high-quality, timely and cost-effective administrative support services to all clients, the global service delivery model would enable the reduction of programme managers' administrative workload, and thus enable them to devote greater attention to mandated strategic priorities. The Department of Management and the Department of Field Support had worked closely together, and with other Secretariat departments and offices, in developing the model, which was fully aligned with the redesigned organizational architecture and operating framework underpinning the Secretary-General's proposed management reform. The development of the global service delivery model had been shaped by the guidance of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, oversight bodies, lessons learned from the implementation and use of shared services within the Secretariat and the United Nations system, and the experience of similar initiatives in the public sector.

3. In selecting the number and distribution of future shared service centres, various configurations and scenarios had been considered, taking into account the services proposed for consolidation in 2019 and the potential future integration of other services. Subject to the decisions to be taken by the General Assembly, implementation of the model would begin in 2019. The global shared service centres would be established using a phased approach underpinned by a clear transition plan and roll-out sequence to minimize disruption and mitigate operational risks associated with the transition to the centres. To make the Organization fit for purpose, efforts must be made to address the fragmentation of service delivery, which had resulted in blurred accountability lines, inconsistent service provision and inefficiencies, and a suboptimal client experience.

4. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.50), said that the Advisory Committee reaffirmed the continued importance of a global service delivery model for the United Nations Secretariat. During the first phase of implementation of the model, the Secretary-General proposed to establish three global shared service centres in Europe, Africa and the Americas for the performance of 60 transactional administrative processes. According to the Secretary-General, the proposed approach would support business continuity and ensure time zone coverage using a "follow-the-sun" workflow model, whereby certain transactions were processed and passed between shared service centres in different time zones to increase responsiveness and reduce delays.

5. Considering that only eight of the processes to be handled by the centres were time-sensitive, the Advisory Committee was not fully convinced of the need for a "follow-the-sun" workflow model. Taking into account the workload and the nature of the processes to be covered, the Advisory Committee considered that two global shared service centres would be able to perform the required functions, ensure business continuity and meet clients' needs. It therefore recommended that the General Assembly should request the Secretary-General to submit, for consideration at the main part of its seventy-third session, a new proposal for the establishment of two global shared service centres, at least one of which should be located in Africa, given the heavy workload, and the number of United Nations personnel, in the region. The Assembly might also wish to consider providing the Secretary-General with additional guidance for the development of the new proposal, including on any relevant criteria to be applied. In addition, in view of the significant expected workload in French owing to the number of staff in French-speaking countries, the Advisory Committee considered that the new proposal should ensure the

availability of adequate support for French-speaking staff.

6. Noting that the proposed budget for the global service delivery model for the biennium 2018–2019 presented in the revised addendum to the Secretary-General's report (A/72/801/Add.1/Rev.1) reflected higher costs and lower savings than the proposal presented in the original report (A/72/801), the Advisory Committee emphasized that the refined proposal recommended for submission at the General Assembly's seventy-third session should clearly reflect increased efficiencies and cost savings and that the proposed staffing of the shared service centres should be reviewed. Moreover, the Advisory Committee stressed that the Secretariat should continue its close engagement with Member States, including potential and current host countries of United Nations offices that might be affected by the implementation of the global service delivery model.

7. **Mr. Kramer** (Chair, Joint Inspection Unit), speaking via video link from Geneva to introduce the report of the Joint Inspection Unit (JIU) on administrative support services: the role of service centres in redesigning administrative service delivery (A/72/299), said that the report focused on the experience of seven United Nations system organizations in developing multifunctional global shared service centres for administrative support services. Specifically, it covered the centres in Budapest established by the Food and Agriculture Organization of the United Nations (FAO), the Office of the United Nations High Commissioner for Refugees and the United Nations Children's Fund; the centres in Copenhagen and Kuala Lumpur established by the United Nations Development Programme ; the centre in Bangkok established by the United Nations Office for Project Services; the centre in Kuala Lumpur established by the World Health Organization; and a project initiated by the World Food Programme to establish a centre, which it had ultimately decided not to complete. The report also focused on the experience of the United Nations Secretariat in developing the Regional Service Centre in Entebbe to support peace operations. In the context of the report, the term "shared services" referred to the consolidation of service delivery from multiple into fewer units or one unit within an organization; it did not inherently refer to inter-agency sharing, which was not a feature of any of the centres covered.

8. The report addressed the causes of the momentum for change that had led to the establishment of the shared service centres, as well as the experience of the organizations covered in the report with regard to developing business cases and cost-benefit analyses; selecting locations; realizing benefits; defining governance arrangements; measuring performance; and addressing issues encountered in the areas of change management and human resources management. One key insight gained was that the development of a multifunctional global shared service centre could not be viewed merely as a short-term technical project, but should instead be approached as a long-term business transformation initiative requiring resources and time, particularly given the desirability of expanding the scope of location-independent functions performed by service centres after their initial establishment. There was thus a need for committed support from the most senior levels of the organization; appropriate governance arrangements providing for operational autonomy; and modern tools for managing relationships with the users of the services provided, soliciting feedback and carrying out the business analytics functions necessary to support future improvements.

9. Strong business cases, underpinned by a broad range of objectives and criteria for measuring success, were required for the establishment of global shared service centres. While the main motivation for change in the organizations covered by the report had been the pursuit of cost savings, other motivations, such as improvement of service quality and error and risk reduction, had also been cited. For example, the establishment of the Regional Service Centre in Entebbe had been proposed partly to reduce the footprint of peacekeeping missions and the number of civilian staff in hazardous locations. In preparing business cases, organizations often tended to conflate the concepts of process optimization, process standardization and relocation to low-cost venues. Executive heads and legislative bodies must distinguish among them so that relocation was not misunderstood as being a precondition for improvements in the other two areas. In that connection, common assumptions must be tested rigorously in developing business cases. For example, after establishing shared service centres in Santiago, Bangkok and Budapest on the basis of the perceived need for full time-zone coverage, FAO had realized that its standard turnaround time for the delivery of administrative services was 24 hours, which had rendered the argument for such coverage less relevant. Similarly, in assessing the benefits of a single versus multiple shared service centres, UNICEF had concluded that multiple centres were neither the only nor the most effective means of meeting language, time zone coverage and business continuity needs. Benefits realization plans that set out responsibility for actively managing benefits realization were also required. In addition, adequate baseline information on performance

indicators such as service quality and customer satisfaction was needed to improve reporting on benefits realized.

10. Labour arbitrage was an important consideration in establishing shared service centres. While the salary differentials, in particular for local staff, between Budapest, Kuala Lumpur and Bangkok and the originating locations of Rome, Geneva, New York and Copenhagen had been sustained over time and remained significant, it could not be concluded that the total savings realized from the establishment of the shared service centres were equivalent to the sum of the differences in staff costs, as not all costs incurred were known or systematically tracked. In addition, operating shared service centres presented specific challenges in the area of human resources management. Managing such centres required skills not commonly found in United Nations system organizations; local staff turnover rates were high in some locations; the United Nations staff contractual framework lacked the flexibility to address staffing challenges effectively in dynamic labour markets and did not provide for pension portability, which was problematic for staff not making a career in the service centres; international staff often did not view service centre work as conducive to professional advancement; and, in locations such as Malaysia and Hungary, the low post adjustment was a disincentive for international staff who had expenses abroad. In recommendation 5, JIU encouraged the General Assembly to reconsider some of the policies governing National Professional Officer posts in order to address the needs of shared service centres for locally-recruited professional expertise to perform functions not limited to national content or nationality.

11. The standards and performance management framework for United Nations system service centres, underpinned by service level agreements and key performance indicators, remained weak. In particular, key performance indicators should be revised, drawing on real-world points of reference. In recommendation 4, JIU focused on ensuring accountability to, and oversight by, legislative bodies, with the understanding that the extent of such bodies' engagement in decisions to establish service centres and their methods of tracking results varied depending on the specific terms agreed between the legislative body and the executive head of the relevant organization.

12. **The Chair** drew attention to the note by the Secretary-General transmitting his comments and those of the United Nations System Chief Executives Board for Coordination (CEB) on the report of JIU (A/72/299/Add.1), as well as an introductory statement by CEB, to be posted on the Fifth Committee's website.

13. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, noted with concern the introduction of the matters before the Committee nearly three weeks after the official deadline for the completion of its work at the current part of the resumed session of the General Assembly. Given the main focus of the second part of the resumed session on peacekeeping and other matters with immediate financial implications, including the review of the rates of reimbursement for troop-contributing countries, the Group expected the Committee to conclude all discussions on those matters within the next several days, in order to ensure that due attention was given to other equally complex agenda items. While the Group had demonstrated flexibility at the current part of the resumed session, discipline in ensuring the timely conclusion of the Committee's work, which required the timely submission of information and documents, must be maintained.

14. The Group would carefully examine the report of the Secretary-General (A/72/801 and A/72/801/Add.1/Rev.1) and the report of the Advisory Committee (A/72/7/Add.50) on the global service delivery model to determine how they responded to the requests and guidelines set out in relevant General Assembly resolutions and how the Secretary-General's proposals would improve service delivery and outcomes.

15. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia and the Republic of Moldova, said that the service and support processes of the United Nations should be simplified to enable the Organization to respond to contemporary challenges in a flexible and agile manner. He commended the Secretary-General for presenting proposals that clearly outlined the objectives of the global service delivery model.

16. The States members of the European Union and the other countries on whose behalf he was speaking supported the goal of creating a truly global Secretariat that was better able to fulfil its mandates and was supported by administrative services providing what was needed, when needed and where needed. The global service delivery model would be essential to draw together different United Nations reform processes, create synergies and ensure better, faster and more efficient service delivery with benefits that could be demonstrated in quality and quantity terms. The global service delivery model and Umoja would clearly be mutually reinforcing: while Umoja had standardized and automated business processes, the model would

consolidate currently fragmented administrative structures within and across duty stations. The global service delivery model was key to unlocking the real benefits of Umoja.

17. The overall objective of establishing the global service delivery model was to increase efficiencies and make cost savings in order to enable the concentration of resources on substantive, front-line activities, making the Organization leaner and more effective, which, in turn, would improve the quality of mandate implementation while releasing funds that could represent considerable efficiency gains. His delegation and the other delegations on whose behalf he was speaking would examine the Secretary-General's proposals and the related observations and recommendations of the Advisory Committee with a view to addressing the Fifth Committee's outstanding questions and concerns. He concluded by reiterating the need to maintain momentum to ensure the timely implementation of all the Secretary-General's management reform proposals.

18. **Ms. Baumann** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegations supported the Secretary-General's vision for management reform, as well as his overall vision for the development of a global service delivery model. Given the model's potentially far-reaching consequences for the Organization, host countries and staff, the related proposal must provide a solid basis for discussion. In its current form, however, the Secretary-General's proposal raised a number of questions that the Committee might not be able to address in detail at the current part of the resumed session, given the time constraints it faced. Consequently, should the Secretary-General decide to follow the Advisory Committee's recommendation to submit a refined proposal for consideration at the main part of the seventy-third session, that proposal should provide a more detailed explanation of the benefits of establishing shared service centres in the locations proposed in his report (A/72/801 and A/72/801/Add.1/Rev.1). The Secretary-General should also keep current and potential future host countries informed of developments relating to the global service delivery model.

19. **Ms. Norman-Chalet** (United States of America) said that the global service delivery model, an essential part of the United Nations reform agenda, should be leveraged to enhance service delivery by consolidating and standardizing transactional functions and transferring them to more cost-effective locations.

20. She recalled that, in its resolution 70/248, the General Assembly had endorsed the global service delivery model, which had been made possible by transformational management initiatives such as Umoja. If implemented properly, the model could modernize the Organization's business practices by moving location-independent administrative functions out of high-cost duty stations. While recognizing the need to introduce the model in a phased manner, her delegation agreed with the Advisory Committee that the Secretary-General should increase the number of processes proposed for relocation to shared service centres during the first phase of implementation. Shared service centres must be centres of excellence, enabling staff to carry out administrative tasks more efficiently, as a result of which fewer staff should be required. Any refined proposal for the implementation of the global service delivery model must provide for increased efficiencies and for the migration of all location-independent processes to shared service centres. In addition, shared service centre locations should be chosen on the basis of transparent and objective criteria, with effectiveness and efficiency as guiding priorities.

21. **Mr. Sandoval Mendiolea** (Mexico) said that the Secretary-General's proposal to implement a global service delivery model by establishing shared service centres throughout the world would help decentralize the Organization's support services, improve the Secretariat's efficiency, functioning and response capacity, and, with the right equipment and staffing, enable more agile mandate implementation. The global service delivery model was also a key component of Secretary-General's initiatives to restructure the United Nations development system, strengthen the Organization's peace and security pillar, and reform Secretariat management. His delegation was confident that the decisions to be taken by the Committee at the current part of the resumed session would contribute to a more efficient, effective and modern Organization.

22. He noted with appreciation that Mexico City was among the proposed locations for the establishment of shared service centres. With cutting-edge technological services at competitive prices, first-rate logistical facilities, and global transportation, Mexico City offered a number of comparative advantages for the Organization, including significant potential cost savings. His delegation agreed with the Advisory Committee that any revised proposal for the implementation of the global service delivery model should result in increased efficiencies and cost savings from the consolidation and decentralization of Secretariat services; the establishment of a shared service centre in Mexico City would provide clear and immediate benefits in that regard.

23. His delegation stood ready to adopt a technically sound approach to implementing the global service delivery model that was satisfactory to the Fifth Committee. Mexico also supported the promotion of multilingualism in the work of the United Nations, emphasizing that Spanish was the second most widely spoken language in the world and a critical language within the Organization. He concluded by calling for the swift conclusion of the Committee's negotiations at the current part of the resumed session.

24. **Mr. Ayebare** (Uganda) said that the global service delivery model was closely linked to the Secretary-General's proposed management reforms. The concept of shared services had been previously introduced within the Organization in 2010 as part of the five-year global field support strategy launched by the Department of Field Support, which had provided for the delivery of shared services to field missions from the United Nations Logistics Base at Brindisi, Italy and the Regional Service Centre in Entebbe. In its resolution 69/307, the General Assembly had welcomed the results achieved under the global field support strategy, and, in its report on the framework for a global service delivery model of the United Nations Secretariat (A/70/323), the Secretary-General had indicated that the experience of the global field support strategy would be used as a point of reference in developing the global service delivery model. In that regard, his delegation would have expected the scope of services included in the Secretary-General's current proposal for the global service delivery model to cover the full range of administrative services, as well as global logistical support and information and communications technology services, all of which were currently being delivered by the United Nations Logistics Base at Brindisi, Italy and the Regional Service Centre in Entebbe. His delegation also wished to know how the functions of the Regional Procurement Office in Entebbe, which had been established as a regular office within the Procurement Division of the Secretariat in accordance with General Assembly resolution 69/273, had been taken into account in the Secretary-General's current report (A/72/801 and A/72/801/Add.1/Rev.1).

25. He recalled that the proposal set out in the Secretary-General's report on the framework for a global service delivery model of the United Nations Secretariat (A/70/323) had laid the foundation for a model that would enable the realization of efficiencies and cost savings while improving service delivery in the field, in particular in peacekeeping missions. However, in his current report, the Secretary-General was requesting Member States to pay $55.9 million in operational costs related to the transition to the shared service centres, as well as $11,462,100 to support the establishment of 324 posts within the proposed Nairobi service centre, at a time when the Organization was expected to do more with less. Furthermore, the report did not indicate the costs expected to arise from the termination of staff contracts owing to the abolition of posts or the reduction of staff or from the payment of compensation to staff subject to separation or termination. Emphasizing that the transfer of posts from one location to another did not constitute reform, he further noted that the implementation of the Secretary-General's proposal would entail the loss of the significant investment already made in the Regional Service Centre in Entebbe.

26. As highlighted by the Secretary-General, disruption of service delivery, in particular to peacekeeping personnel, who accounted for the majority of civilian and military staff within the Secretariat, must be minimized during the transition to the shared service centres. The fact that the Secretary-General's proposal did not include the full scope of administrative services would create technical difficulties for peacekeeping staff as a result of the fragmentation of services across the shared service centres. He concluded by reiterating the commitment of the Government and people of Uganda to ensuring that the Secretariat was efficient, effective and fit for purpose.

27. **Ms. Xue** Ailong (China) said that China supported the Secretary-General's efforts to improve the provision of administrative services by the Secretariat and hoped that he would further refine his proposal for the global service delivery model in order to ensure effective, efficient, lean, transparent and accountable service delivery.

28. The locations for the global shared service centres should be decided through transparent, Member State-led discussions with a view to making cost savings, while taking into account the interests and concerns of relevant parties and regions, the workload in different regions, and the need for geographical representation. The Secretariat should also make information related to the selection of the service centre locations available to Member States in a timely manner in order to ensure their full participation in the evaluation process. In addition, the relationship between the global service delivery model and the existing United Nations regional service centres must be properly considered, given the valuable experience gained from the existing regional service centres. She hoped that the Secretariat would draw on that experience in developing a global service delivery model underpinned by improved business processes, performance evaluation mechanisms, accountability and oversight.

29. **Mr. Imada** (Japan) emphasized the importance of the global service delivery model as an integral part of the Secretary-General's proposed management reform and a means of enhancing the value of Member States' collective investment in the Organization. He looked forward to discussing the Secretary-General's proposal in order to enable the implementation of the model to begin in January 2019, with a view to ensuring tangible improvements in the efficiency of Secretariat management.

30. His delegation agreed with the Advisory Committee's view that the piecemeal submission of revised documents relating to the global service delivery model at the current part of the resumed session had resulted in a lack of clarity with regard to the official documentation before the General Assembly. Japan likewise agreed that, for clarity and ease of reference, the Secretariat should have submitted one consolidated revised or reissued document for the Assembly's consideration. He wished to know why the Secretary-General had reduced the number of proposed shared service centres from four to three since the submission of his original report (A/72/801), as reflected in the revised addendum thereto (A/72/801/Add.1/Rev.1). In particular, the Secretary-General should explain, in an accountable and transparent way, why he had decided not to establish a shared service centre in a certain region, despite his commitment to using a "follow-the-sun" workflow model. The rationale for the decision should be coherent and consistent with the logic underlying the original four-location proposal; should clarify why the number of shared service centres could not be limited to two or one; and should convince Member States that the proposed locations represented the best value for their collective investment.

31. **Ms. Valles** (Philippines) emphasized the importance of the global service delivery model for improving the global delivery of administrative services by the Secretariat and noted the observations and recommendations contained in the Advisory Committee's report (A/72/7/Add.50).

32. Clarification on a number of points made in the Secretary-General's report (A/72/801 and A/72/801/Add.1/Rev.1) was necessary in order to ensure increased efficiencies and cost savings as a result of greater service consolidation. Given the workload and nature of the administrative processes to be covered by the global shared service centres, consideration should be given to whether the three proposed service centres would be sufficient to perform the required functions. Noting the proposed abolition in 2019 of a total of 684 posts and general temporary assistance positions as a result of the implementation of the global service delivery model, she requested specific information on the nationalities of the staff that might be affected, as well as on the timelines for the abolition of the relevant posts in their current locations and for their subsequent establishment in the shared service centres. She further noted that the shared service centres would be funded through a cost-sharing arrangement, according to which resource requirements would be distributed among various funding sources on the basis of workload indicators, which could be updated annually. She requested more detailed information on those workload indicators in order to better evaluate the merits of the proposed cost-sharing arrangement.

33. **Mr. Amayo** (Kenya) said that, drawing on lessons learned and best practices identified from previous reform initiatives within the Secretariat and United Nations agencies, as well as the report of JIU (A/72/299), the Secretary-General had developed a global service delivery model that would consolidate service provision and improve management and human resources administration.

34. The United Nations must be nimble and fit for purpose in order to assist Member States in their efforts to implement the 2030 Agenda for Sustainable Development. The Secretary-General had consistently demonstrated his commitment to advancing reforms that would enable the Organization to effectively manage organizational challenges. Taking into account the views and concerns of Member States in order to ensure broad-based ownership, the Committee must agree on an approach for the implementation of a global service delivery model that would improve service delivery, while guaranteeing accountability and transparency and enhancing mandate fulfilment. Notwithstanding the time constraints faced by the Committee at the current part of the resumed session, sufficient time should be allotted to the discussions on the global service delivery model in the interests of the Organization.

35. As the host of the Nairobi-based United Nations offices, his Government was committed to facilitating the work of the United Nations, as stipulated in its host country agreements with the Organization. He noted with appreciation that Nairobi had been among the proposed shared service centre locations and emphasized his Government's readiness to support effective service provision from the Nairobi centre.

The meeting rose at 11.10 a.m.